

P R E S S R E L E A S E

For: IMMEDIATE RELEASE
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Consolidate Student Loans to Lock in at Historic, Low Interest Rates

Bismarck, ND – Current interest rates on Federal student loans are at a historic low; however, on July 1, 2005 that may change as rates are predicted to increase. To take advantage of the current interest rates, borrowers should consolidate their loans before July 1, according to Eric Hardmeyer, president of Bank of North Dakota (BND).

Most borrowers of variable rate Stafford Loans through Student Loans of North Dakota (SLND), a division of Bank of North Dakota (BND), have a current interest rate of 2.77% while in school, grace or deferment status. Borrowers who have already entered into repayment will have a rate of 3.37%. The interest for the Parent Loans for Undergraduate Students (PLUS) is currently 4.17%.

“Borrowers benefit by consolidating their student loans before July 1 as they will be able to lock in at a low, fixed interest rate for the life of the loan,” stated Hardmeyer. “In addition, consolidation allows borrowers with several loans to consolidate them into one loan, making it easier to handle monthly payments.”

Stafford and some PLUS loan interest rates are adjusted annually on July 1 according to a formula based on the 91-day Treasury bill rates. The current rates are in effect through June 30, 2005.

The interest rate of the consolidation loan is figured by determining the weighted average of all the loans, rounded up to the nearest one-eighth of 1%. Depending upon the loan amount, the repayment term can be extended from the standard 10 year term to a longer term. “A college graduate with \$20,000 in student loans, who locks into an interest rate of 2.875% over 20 years, will have a payment of \$110 per month,” said Julie Kubisiak, director of Student Loans of North Dakota.

While there are benefits of consolidating student loans, it may not be the right option for all situations. Borrowers should contact their lender to determine if consolidation is appropriate for them. In addition, it may not be the best option to include Perkins loans into a consolidation loan as loan forgiveness options will be terminated. Alternative loans, such as a BND DEAL Loan, can not be included into a Federal Consolidation Loan.

For more information about student loans or the consolidation loan program, student and parent borrowers should contact SLND at 1-800-472-2166, extension 5828.

BND, the nation’s only state-owned bank, was established in 1919 to encourage and promote agriculture, commerce and industry in North Dakota. The nation’s first federally insured student loan was made by BND in 1967. SLND is administered by BND and offers a variety of loan programs to help students and parents finance a college education.

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